8: Bojkoff K-4,5 (no date) 1946 EE1 Bulgaria EE1

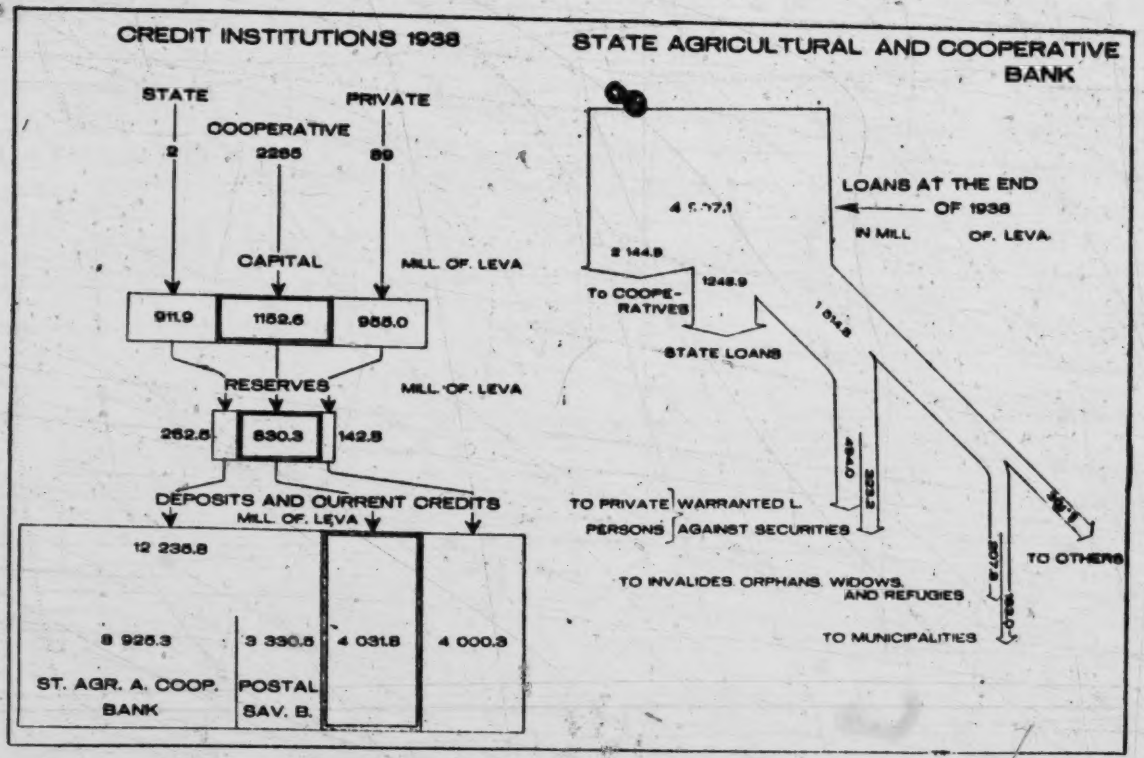

Fig. 26.

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474 average village contains 100 to 200 houses; for this reason pioneers of the co-operative movement, such as P. Ditsev, suggest that two or three villages should be grouped together and pool their resources.

474 In order to supplement its revenues such village credit co-operatives are obliged to engage also in retail 45 distribution of commodities and other activities so as to bring down the running costs while the addition of a distributive branch helps them to increase their membership for the apportionment of the "dividend" forms a very alluring attraction, and accounts for a large percentage of adherents though not to the extent prevalent in England where it explains the adherence of three fourths of the co-operative membership (see an Article by Edwin C. Fairchild in the "19th Century and After", August 1934, p. 179) In Bulgaria however, the divident is paid only partially to purchasers, and usually half of it is retained and placed to the credit of the new customer as his share in the capital of the co-operative society. The great inducement to join a co-operative society is the credit facilities which it accords to its member, for capital is scarce in Bulgaria and rates of interest remain unduly high in spite of the various laws which have been passed to suppress usury. The penury of capital accounts to a large extent for the develoment of the Popular banks which to some extent increase their roll of membership from among those soliciting advances, the latter being granted only after the applicant agrees to subscribe to the bank's share capital, whereupon his indebtedness to the bank figures partly as money loaned by the bank, and partly as capital of the bank; thus one is often induced to form an erroneous estimate as to the soundness of these banks by assuming that their capital is fully paid up. It also often happens that co-operatives are formed mainly owing to the additional credit facilities which will accrue to

their members, their founders being solely instigated by this very utilitarian motive which naturally leads to abuses and to the discrediting of the co-operative idea. This might be ascribed to the undue facility with which State funds were placed at the disposal of the co-operative societies by both the Agricultural and Co-operative banks, especially when an influential politician would discreetly hint that a certain „co-operative" society, often composed exclusively of his own supporters, deserved financial assistance. The present arrangement by which a more effective control will be exerted by the banking authorities which grant these credits will, it is to be hoped eventually eradicate these methods which in the past have allowed several unscrupulous individuals to play ducks and drakes with State funds.

There seems to have been an undue duplication of the granting of credits as well as of the means of placing savings in the rural districts. Thus, a peasant could secure an advance both from the local credit co-operative, as well as directly from the Agricultural bank, and as the interest he had to pay on loans from the latter was lower he preferred having recourse to it. He also patronised the bank rather than the co-operative when it was a question of confiding his savings, because the Agricultural Bank naturally presented a far better security. If it could be arranged for both operations to de restricted to the co-operatives, and if the Agricultural Bank could be eliminated from granting personal credits to peasants, the scope of the co-operatives would be immensely extended and their position correspondingly strengthened as they would be made an indispensable adjunct of village life. All parties would gain by it, for the local co-operative would be better acquainted with the individual needs of its members and better suited to proffer help and advice. This naturally is not so easy to realise, since according to M. I. Nikolov only 160,000

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peasant proprietors out of a total of 800,000, are members of co-operatives

The disability arising from the exiguity of means under which the individual co-operative society labours, and which equally prevents the formation of several distinctive co-operative societies in one village capable of ministering to the various major needs of its inhabitants has been circumvented by the creation of regional co-operative centres at convenient localities which by concentrating certain operations are able to provide the needed machinery and render its utilisation remunerative. By such concentration a further economy is effected by a reduction in the staff, for the various activities are seasonal, and occur at various times of the year, and the same personnel can be made co attend to them in turn. These regional centres also serve to concentrate the produce collected by the village co-operatives affiliated to them and help to dispose of it more advantageously than could be done in remote villages; they further serve as local wholesale Societies supplying the retail distributing branches with their requirements which they themselves could not obtain direct. Unfortunately such attempts as have been made to coordinate the activities of these regional centres do not seem to have succeeded so far, for there have been repeated complaints of one underselling the other in the open market and thus contributing to the lowering of prices. This has been particularly manifest in the marketing of tobacco, rival co-operatives undercutting prices whenever foreign buyers made their appearance

This antagonism which arises from a lack of understanding of co-operative principles is responsible in many instances for the injudicious utilisation of the limited funds at the disposal of co-operative societies; thus instead of two or three neighbouring village co-operatives pooling